

Note 1 - Basis Of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented on the Commonwealth's statutory basis of accounting. It is drawn primarily from the Massachusetts Management Accounting and Reporting System (MMARS), the centralized accounting system which is the basis for the Commonwealth's combined financial statements - statutory basis as published in the Commonwealth's Statutory Basis Financial Report for the fiscal year ended June 30, 1998.

The Schedule of Expenditures of Federal Awards also includes certain programs administered by the Commonwealth's public institutions of higher education, except for the University of Massachusetts, which issues its own Schedule of Expenditures of Federal Awards and Data Collection Form, and the activity of certain non-cash programs. The detail of such program activity is maintained by the institutions and responsible administrative departments.

Statutory basis expenditures are generally recorded when the related cash disbursement occurs. At year-end, payroll is accrued and payables are recognized for goods or services received by June 30, to the extent of approved encumbrances.

The following is a reconciliation of the Schedule of Expenditures of Federal Awards to the combined financial statements - statutory basis (amounts in thousands):

Total federal revenues per Statutory Basis Financial Report	5,658,061
Add:	
Programs administered by public institutions of higher education	53,762
State share of UI funds from note 8	720,172
Non-cash programs:	
Food stamp script	232,213
Value of donated food	13,591
Vaccines purchased directly by federal government	21,151
Subtract:	
Medicare reimbursements	(8,989)
Expenditure adjustments	(490)
	<hr/>
Total expenditures of federal awards per schedule	<u><u>6,689,471</u></u>

The Commonwealth receives payments from the federal government on behalf of Medicare eligible patients for whom it has provided medical services at its state-operated medical facilities. Since these payments represent insurance coverage provided directly to individuals under the Medicare entitlement program, they are not included as federal financial assistance.

The Commonwealth has generally combined its departmental program accounts by federal catalog number, and it has made a concerted effort to reduce the number of program accounts lacking full catalog number identifiers.

Note 2 - Reporting Entity

The Schedule of Expenditures of Federal Awards includes various departments, agencies, boards and commissions governed by the legislature, judiciary and/or constitutional officers of the Commonwealth of Massachusetts. It also includes research grants and contracts and federally-funded financial assistance to students provided to the Commonwealth's institutions of public higher education, excluding the University of Massachusetts, which is reported separately, and the values of food stamps and commodities received under U.S. Department of Agriculture programs.

The Schedule of Expenditures of Federal Awards does not include federal funds received and expended by independent authorities and other organizations included in the reporting entity under the criteria of the Governmental Accounting Standards Board, as described in Note 1 to the Commonwealth's general purpose financial statements published in the Comprehensive Annual Financial Report for the fiscal year ended June 30, 1998. These authorities and organizations are responsible, where necessary, for obtaining separate audits of their federal awards.

Note 3 - Social Security Disability Insurance Program

The Massachusetts Rehabilitation Commission operates the Social Security-Disability Insurance Program and the Supplemental Security Income Disability Program (CFDA 96.001 and 96.006, respectively) under a single state appropriation and departmental program account. On an operating basis, expenditures are allocated between the programs based on medical expenses incurred; personnel and overhead costs are determined by the Social Security Central Office. For the fiscal year ended June 30, 1998 expenditures of \$13,246,199 were attributed to the Supplemental Security Income Disability Program.

Note 4 - Donated Food Value

Donated food represents surplus agricultural commodities received from the U.S. Department of Agriculture valued in accordance with federal guidelines. Commodity inventories at June 30, 1998 totaled approximately \$1,044,493.

Note 5 - Higher Education Federal Financial Assistance Programs

The 24 public institutions of higher education, excluding University of Massachusetts, record expenditures for financial assistance programs as follows:

84.007	FEDERAL SUPPLEMENTAL EDUCATION OPPORTUNITY GRANTS	5,084,329
84.033	FEDERAL WORK STUDY PROGRAM	7,039,733
84.063	FEDERAL PELL PROGRAM	34,595,724
84.999	OTHER STUDENT SERVICES	6,933,313
93.364	STUDENT NURSING LOANS	109,266
	PUBLIC INSTITUTIONS OF HIGHER EDUCATION TOTAL	<u>53,762,364</u>

Note 6 - Federal Family Education (Ffel) And Federal Direct Student Loans (Fdl)

The Schedule of Expenditures of Federal Awards does not include FFEL (CFDA 84.032) nor FDL (84.268) which are made directly to individual students. For Massachusetts residents, FFEL loans are guaranteed by the American Student

Assistance Corporation, which is not part of the reporting entity of the Commonwealth. FDL loans are made directly by the U.S. Department of Education. FFEL loans made to students enrolled in the Commonwealth's public institutions of higher education during fiscal year 1998 totaled \$8,037,303; FDL loans totaled \$48035098.

Note 7 - Federal Perkins Loan Program

The Federal Perkins Loan Program (CFDA 84.038) is administered by the Commonwealth's public institutions of higher education, excluding the University of Massachusetts. Fiscal year 1998 activity and loans outstanding at June 30, 1998, are summarized as follows:

Federal revenues	<u>\$ 279,930</u>
Loan repayments	<u>\$ 2,195,096</u>
Loan funds disbursed	<u>\$ 2,647,374</u>
Loans outstanding at June 30, 1998	<u><u>\$ 20,692,250</u></u>

Note 8 – Unemployment Insurance Program (Ui) Cfda 17.225

The U.S. Department of Labor, in consultation with the Office of Management and Budget officials, has determined that for the purpose of audits and reporting under OMB Circular A-133, state UI funds as well as federal funds should be considered federal awards for determining Type A programs. The State receives federal funds for administrative purposes. State unemployment taxes must be deposited to a state account in the Federal Unemployment Trust Fund, used only to pay benefits under the federally approved state law. State UI funds as well as federal funds are included on the Schedule of Expenditures of Federal Awards. The following schedule provides a breakdown of the state and federal portions of the total expended under CFDA Number 17.225:

State UI Funds \$720,172,149

Federal UI Funds 76,323,344

Total Expenditures \$796,495,493

Note 9 - Program Clusters

In accordance with Subpart A §.105 of OMB Circular No. A-133, *Audits of States, Local Governments and Non-Profit Organizations*, the Commonwealth has clustered certain programs in determining major programs. The following represents the clustered programs:

PROGRAMS

CFDA#

Food Stamps

10.551

State Administrative Matching Food Stamps	10.561
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program	10.559
Handicapped-State Grants	84.027
Handicapped Preschool Grants	84.173
FSEOG Program	84.007
FFEL Program	84.032
Federal Work Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Federal Direct Loan Program	84.268
HEAL Program	93.108
HPSL Program	93.342
Nursing Student Loan Program	93.364
EFNS Program	93.820
State Survey and Certification of Health Care Provider	93.777
Medical Assistance Program	93.778
State Medicaid Fraud Control Units	93.775

Note 10 – Subrecipients

In OMB Circular A-133 § 105 subrecipients are defined as non-Federal entities that expend federal awards received from a pass through entity to carry out a Federal program, but do not benefit from that program. In fiscal year 1998, the Commonwealth passed through the following amounts to subrecipients:

10.250 AGRICL & RURAL ECONOMIC RESEARCH

31,801

10.553	SCHOOL BREAKFAST PROGRAM	17,591,928
10.555	NATIONAL SCHOOL LUNCH PROGRAM	77,125,176
10.652	FORESTRY RESEARCH	3,520
10.664	COOPERATIVE FORESTRY ASSISTNCE	197,671
10.999	DEPT OF AGRICULTURE CFDA UNKWN	22,998
11.307	ECONOMIC DEVELOPMENT	201,797
11.419	COASTAL ZONE MANAGMENT ADMIN AWARD	10,000
11.420	COASTAL ZONE MANAGEMENT ESTUARINE	16,440
11.611	MANUFACTURING EXTENSION PARTNERSHIP	2,759,225
14.182	LOW INCCOME HOUSING ASSTISTANCE	25,000
14.228	COMMUNITY DEVELOPMENT	36,806,276
14.231	EMERGENCY SHELTER	116,576
14.235	SUPPORTIVE HOUSING PROGRAM	2,707,539
14.238	SHELTER PLUS CARE	243,370
14.239	HOME INVESTMENT PARTNERSHIPS	6,078,538
14.408	FHIP-ADMIN ENFORCEMENT	4,820
14.857	SECTION 8 RENTAL CERTIFICATE	20,840
14.900	LEAD BASED PAINT	1,723,252
15.616	CLEAN VESSEL ACT	349,447
15.904	HISTORIC PRESERVATION FUND	172,000
15.916	OUTDOOR RECREATION	50,000
15.999	DEPT OF INTERIOR CFDA UNKNWON	15,000
16.393	SUBSTANCE ABUSE TREATMENT	77,212
16.540	JVV JUSTICE DELINQUENCY PREVENTION	1,370,191
16.560	FORENSIC DNA	87,500
16.575	CRIME VICTIM ASSISTANCE	104,227
16.579	BYRNE FORMULA GRANT PROGRAM	2,934,429
16.580	BYRNE MEMORIAL LAW ENFORCEMENT	158,372
16.588	VIOLENCE AGNST WOMEN	1,969,469

16.592	LOCAL LAW ENFORCEMENT	132,933
16.595	EXECUTIVE OFFICE FOR WEED AND SEED	183,835
16.710	PUBLIC SAFETY/COMMUNITY POLICING	53,725
17.207	EMPLOYMENT SERVICE	214,566
17.245	TRADE ADJUSTMENT ASSISTANCE-WORKERS	1,770,000
17.246	EMPLOYMT & TRAINING/ DISLOCATED WORKERS	8,689,136
17.250	JOB TRAINING PARTNERSHIP ACT	65,138,282
17.253	WELFARE TO WORK GRANTS	488,622
17.802	VETERAN`S EMPLOYMENT PROGRAM	435,145
20.005	BOAT SAFETY FINANCIAL ASSISTANCE	15,675
20.106	AIRPORT IMPROVEMENT PROGRAM	68,503
20.505	FEDERAL TRANSIT TECH STUDIES	1,111,610
20.507	FEDERAL TRANSIT CAPITAL & OPERATING ASSISTANCE	426,332
20.509	PUBLIC TRANSPORT FOR NONURBANIZED AREA	3,281,849
20.513	CAPITAL ASSISTANCE-ELDER/DISABLED	10,428
20.600	STATE & COMMUNITY HIGHWAY SAFETY	421,794.80
20.703	HAZARDOUS MATERIALS TRAINING&PLANNING	33,669
45.301	INSTITUTE OF MUSEUM & LIBRARY	357,549
47.076	EDUCATION AND HUMAN RESOURCES	1,057,034
66.456	NATIONAL ESTUARY PROGRAM	304,295
66.459	NON-POINT SOURCE INFORMATION	7,901
66.460	NON-POINT SOURCE IMPLEMENTATION	188,710
66.505	WATER POLLUTION CONTROL	155,120
66.605	PERFORMANCE PARTNERSHIP	86,047
81.041	STATE ENERGY PROGRAM	823,901
81.042	WEATHERIZATION ASSISTANCE-LOW INCOME	3,170,676
81.087	RENEWABLE ENERGY RESEARCH & DEVELOPMENT	482,341
83.011	HAZARDOUS MATERIALS TRAINING PROGRAM	4,755
83.503	CIVIL DEFENSE-STATE & LOCAL	1,145,000

83.521	EARTHQUAKE HAZARDOUS REDUCTION	46,612
83.535	MITIGATION ASSISTANCE PROGRAM	78,783
83.536	FLOOD MITIGATION ASSISTANCE	46,660
83.544	PUBLIC ASSISTANCE GRANTS	9,082,691
84.002	ADULT EDUCATION	5,113,541
84.010	TITLE I - LOCAL EDUCATIONAL AGENCIES	135,338,745
84.011	MIGRANT EDUCATION	2,162,569
84.027	SPECIAL EDUCATION	67,607,996
84.034	PUBLIC LIBRARY SERVICES	1,142,876
84.035	INTERLIBRARY RESOURCE SHARING	88,101
84.048	VOCATIONAL EDUCATION	16,785,175
84.126	VOCATIONAL REHABILITATION	16,059,161
84.154	PUBLIC LIBRARY CONSTRUCTION	54,817
84.162	IMMIGRANT EDUCATION	2,154,358
84.168	EISENHOWER PROFESSIONAL DEVELOPMENT-FEDERAL	198,617
84.173	SPECIAL EDUCATION-PRESCHOOL	6,914,937
84.177	REHABILITATION -INDEPENDENT LIVING	5,062
84.186	SAFE & DRUG-FREE SCHOOLS & COMMUNITY	7,039,437
84.190	CHRISTA MCAULIFFE FELLOWSHIPS	71,719
84.196	EDUCATION FOR HOMELESS-CHILDREN/YOUTH	347,895
84.213	EVEN START STATE EDUCATIONAL AGENCIES	1,621,717
84.216	CAPITAL EXPENSES	1,581,614
84.243	TECH-PREP EDUCATION	1,609,185
84.276	GOALS 2000 SYSTEMIC IMPROVMENT	4,990,337
84.281	EISENHOWER PROFESSIONAL DEVELOPMENT STATE	5,060,809
84.282	CHARTER SCHOOLS	3,418,748
84.298	INNOVATIVE EDUCATION PROGRAM	5,154,299
84.314	EVEN START-STATEWIDE FAMILY LITERACY	64,000
84.318	TECHNOLOGY LITERACY CHALLENGE	3,499,221

93.565	STATE LEGALIZATION IMPACT ASSISTANCE	505,145
93.568	LOW INCOME HOME ENERGY ASSISTANCE	40,345,438
93.569	COMMUNITY SERVICES BLOCK GRANT	11,453,035
93.575	CHILD CARE & DEVELOPMENT	101,407,663
93.576	REFUGEE & ENTRANT ASSISTANCE	1,082,736
93.585	EMPOWERMENT ZONES PROGRAM	1,208,192
93.590	COMMUNITY BASED FAMILY RESOURCE	165,462
93.596	MANDATORY MATCHING CCF	70,887,831
93.631	DEVELOPMENTAL DISABILITIES PROJECT	401,488
93.667	SOCIAL SERVICE BLOCK GRANT	67,981,752
93.671	FAMILY VIOLENCE PREVENTION	28,500
93.959	SUBSTANCE ABUSE PREVENTION	23,400,771
93.991	PREVENTIVE HEALTH BLOCK GRANT	1,219,442
94.003	STATE COMMISSIONS	484,885
94.004	LEARN & SERVE AMERICA SCHOOL	471,813
94.006	AMERICORPS	5,956,713

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